

Alabama Legislature approves general fund budget

By KIM CHANDLER | Posted: Wednesday, September 16, 2015 11:31 pm

MONTGOMERY, Ala. (AP) — The Alabama Legislature — after seven months of deadlock and GOP infighting over tax increases —on Wednesday approved a general fund budget that they said will avoid funding cuts to the most critical state services.

State politicians for months had been at a stalemate over how to handle a projected \$200 million shortfall in the general fund. Lawmakers this week approved a 25-cent-per-pack cigarette tax and a transfer of \$80 million from education funds to help cover the gap.

Gov. Robert Bentley on Wednesday night praised lawmakers "for prioritizing people over politics" and "courageously" approving revenue measures for the General Fund. Bentley said he expected to sign the budget into law after a careful review.

"We have made tremendous progress to fundamentally change the way our state budgets. Tonight is an important step forward in that process," Bentley said.

The approved spending plan maintains level funding to Medicaid, prisons, mental health services, the Department of Human Resources, the Department of Pardons and Paroles and the court system. Most other agencies will see cuts of around 5.5 percent.

"Particularly for the elderly, for the children, those in need of mental health services, health care and Medicaid— all those services being level funded was a great achievement, I think, for the Legislature to get that done," said Senate Finance and Taxation General Fund Committee Chairman Arthur Orr, R-Decatur.

The Alabama Senate voted 23-9 for the budget. Representatives approved it on a 71-21 vote and immediately adjourned the session.

Democrats throughout the special session criticized the cigarette tax as a consumer tax and a temporary budget patch and said the state should be looking at other measures such as corporate and property tax increases or gambling.

"We put a Band-Aid over a gaping wound," Rep. John Rogers, D-Birmingham, said. "It stops the bleeding for now, but it ain't going to hold."

Some GOP legislators simultaneously lashed out at the tax increase.

"We violated every Republican principle," Sen. Paul Bussman, R-Cullman, said during the budget debate.

Senate President Pro Tem Del Marsh, R-Anniston, said lawmakers approved "reasonable" revenue measures and "workable cuts."

"We think that puts just enough pressure, without being devastating, on those agencies to downsize," Marsh said.

The budget vote came after months of political wrangling between Bentley and legislators in his own party over tax increases, and Bentley, until recently, had been coming up empty-handed. The regular session and a first special session ended without a budget

Lawmakers in the second special session approved an approximately \$166 million revenue package with the cigarette tax, which is projected to raise about \$70 million, \$16 million in Medicaid provider taxes and the \$80 million education transfer. The hit to education is supposed to be partially offset by a series of smaller previously approved revenue bills and adjustments to a spending cap law that should free up more money for education.

The money is a fraction of what Bentley initially sought from lawmakers in February, and some of his ideas didn't make it to committee votes.

Bentley began the year asking lawmakers to approve \$541 million in tax increases, including an 82-cent cigarette tax increase and changes to the state income tax deductions.

Budget chairmen on Wednesday scrambled to find another \$16 million, making cuts in several other agencies, after finding an error in the Medicaid budget. The money was needed to maintain reimbursement rates for doctors who see Medicaid patients.

The budget does not provide enough money to Medicaid to maintain the state's effort to transition to a managed care system. However, Jennifer Ardis, a spokeswoman for Bentley, said the governor is working on a plan to provide additional money for the Medicaid effort.

The approved budget does maintain funding for the state's effort to reduce crowding in state prisons by providing additional money for parole supervision and community corrections.